



# North Shelby Water Company

PO Box 97  
Bagdad, KY 40003  
(502) 747-8942

March 30, 2005

Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Case 2005-00146

RECEIVED

APR 01 2005

PUBLIC SERVICE  
COMMISSION

To the COMMISSION:

The North Shelby Water Company respectfully requests that the COMMISSION allow us to make an adjustment in our rates in accordance with 807 KAR 5:067 Purchased Water Adjustment clause.

The Company has been told by its supplier, Louisville Water Company, that a \$0.07 per 1,000 gallon increase will take effect May 1, 2005. The Company purchased 243,291,000 gallons from January 1, 2004 to December 31, 2004 from Louisville Water Company, out of a total purchase of 439,175,800 gallons. The Frankfort Plant Board has also raised its rate \$0.121/1,000 gallons effective April 1, 2005. The company purchased 168,922,000 gallons during the same period. The result of the new rate is an increase of \$37,469.93 or \$0.10 per 1,000 gallons. We propose to raise each gallonage block that amount.

The following documents are enclosed:

- Exhibit A. Purchased Water Rate Adjustment
- Exhibit B. Copy of Wholesale Tariff
- Exhibit C. Statement of Water Purchased
- Exhibit D. Statement of Water Sold
- Exhibit E. Notice to Customers
- Exhibit G. Tariff Sheet

If you have any questions, please contact Warner Broughman at (859) 271-1778, as he is handling this matter.

Yours truly,

Duncan LeCompte, President

DL:pac



warner Caines  
General Manager



\* Electric \* Water \* Cable  
\* Cable Advertising \* Community TV

## Frankfort Plant Board

December 30, 2004

Mr. Darrell Dees  
U.S. 60 Water District  
P.O. Box 97  
Bagdad, Kentucky 40003

**Subject: Proposed Water Rate Increase**

Dear Mr. Dees:

At their regular board meeting on November 16, 2004, the Board of Directors of the Frankfort Plant Board authorized publishing notice of a public hearing on a proposed increase in water rates. A copy of the public notice is attached.

Under the proposed rates, residential and commercial customers in the City of Frankfort will see an average increase of 8.5%, customers outside the city will see an average increase of 8.5%, and resale customers (Water Districts & Georgetown Water Company) will see an increase of 8.5%. As a practical matter, an average FPB water customer using 6,000 gallons of water will see the following:

Plant Board	City	County
Current rates (month)	20.43	28.33
Proposed rates	<u>22.17</u>	<u>30.73</u>
Monthly Increase	1.74	2.40
Annual Increase	20.88	28.80

The water rates per 1,000 gallons to Resalers will also increase 8.5% from \$1.418 to \$1.539 or \$0.121 cents. Assuming that this increase would be passed directly to your customers, an average customer using 6,000 gallons of water would increase \$0.726 per month or \$8.71 per year. As you can see, even though the percentages seem formidable the actual dollar value of the proposed increases is not all that large on the basis of an average customer. It is also apparent that if the District passes the increase through to its customers the increase to the Districts customers will be less than half of the increase the Board is requiring of its customers. Obviously, customers using greater than 6,000 gallons would see greater dollar increases.

According to our records, your Water District purchased on average 15,607,000 gallons per month. At \$0.121 per thousand gallons this would be a monthly increase of \$1,888.44, \$22,661.28 per year.

*Equal Opportunity/Affirmative Action Employer*

317 West Second Street (P.O. Box 308) Frankfort, Kentucky 40601 Phone (502) 223-3401  
Fax (502) 223-3887 www.fewpb2.com

EXHIBIT B - 1

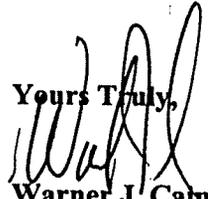
Page Two  
December 30, 2004

The advertised public hearing was held on December 21, 2004. However, since no comments were provided on behalf of your company, we are extending your opportunity to comment on the proposed increase by attending the January Board Meeting at the Frankfort Plant Board Clubhouse located at 98 Tanglewood Drive on January 18, 2005 at 11:00 a.m. Assuming that comments made during that January Meeting do not cause the Board to change the proposed rates, final approval of the water rates for resalers by the Board would occur at the regular Board meeting of February 15, 2005. Notice to the water districts and Public Service Commission would be sent on February 16, 2005 with an effective date of implementation being with the bill due and payable April 15, 2005.

If you desire, I will also meet with you or anyone else you wish to attend for the purpose of discussing the proposed increase. The meeting, however, would need to be held prior to the January 18, 2005 meeting. The Board hopes that these opportunities for input will help resolve questions you might have concerning the proposed rates, and avoid Public Service Commission involvement with its related costs in time and money for both our operations.

If you have any questions on this matter, please feel free to contact me at 502-352-4377.

Yours Truly,



Warner J. Carnes  
General Manager

## NOTICE OF PUBLIC HEARING

The Frankfort Plant Board (FPB) will conduct a 2<sup>nd</sup> Public Hearing on Tuesday, January 18, 2005 at 11:00 a.m. at FPB's Clubhouse located at 98 Tanglewood Drive to hear only comments covering a proposed water rate increase for water services to FPB resale customers (Water Districts and Georgetown Water Company).

<u>SERVICE</u>	<u>EXISTING</u>	<u>PROPOSED</u>
<b>1. Water Service</b>		
<b>A. Resale Customers -</b>		
<b>1. Non Water Producers</b>	<b>\$1.418 per 1,000 gal</b>	<b>\$1.539 per 1,000 gal</b>
<b>B. Resale Customers –</b>		
<b>2. Other Water Producers</b>		
<b>First 15 million gallons</b>	<b>\$1.474 per 1,000 gal</b>	<b>\$1.599 per 1,000 gal</b>
<b>Over 15 million gallons</b>	<b>\$1.296 per 1,000 gal</b>	<b>\$1.406 per 1,000 gal</b>



# LOUISVILLE WATER COMPANY

550 SOUTH THIRD STREET • LOUISVILLE, KENTUCKY 40202  
TEL 502-569-3600 WWW.LOUISVILLEWATER.COM

March 4, 2005

Mr. Darrell Dees  
Manager  
North Shelby Water Company  
P.O. Box 97  
Bagdad, KY 40003

Dear Mr. Dees:

We are sorry you were unable to join us for the meeting of our wholesale customers earlier this week. Please find enclosed the information discussed at the meeting, as well as a copy of the comments made by Bob Miller

Also enclosed is a copy of the 2005 Rate Schedule. As indicated in paragraph 6.03 of the schedule, the rate for wholesale water service on and after May 1, 2005 will be \$1.31 per thousand gallons, plus an elevated service area surcharge of \$0.25 per thousand gallons. This new rate is subject to approval by the Public Service Commission.

We are planning to file the necessary documentation for this new rate with the Public Service Commission soon. We would like to ask North Shelby to send a letter to the PSC indicating no objection to the proposed rate increase.

As was the case last year, I again offer any assistance as we continue to bring the wholesale water rates in line with our cost of service. Patti Kaelin will be following up with you next week to make arrangements for LWC to meet with North Shelby. In the meantime, if you have any questions you may call Jim Smith at (502) 569-3687 or me at 569-3680.

Sincerely,

John L. Huber  
President

C: Bob Miller - LWCo.  
Karla Teasley - LWCo.

*An Equal Opportunity Employer*



# NORTH SHELBY

WEST SHELBY			
JAN	\$	135.02	6,800
FEB	\$	135.02	27,800
MAR	\$	135.02	1,500
APRIL	\$	135.02	1,600
MAY	\$	139.28	4,900
JUNE	\$	139.28	8,500
JULY	\$	139.28	22,200
AUG	\$	139.28	6,500
SEPT	\$	139.28	17,900
OCT	\$	387.00	89,700
NOV	\$	139.28	2,000
DEC	\$	139.28	1,700
<b>TOTAL:</b>	<b>\$</b>	<b>1,882.04</b>	<b>181,100</b>

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FEB	\$	135.02	27,800
MAR	\$	135.02	1,500
APRIL	\$	135.02	1,600
MAY	\$	139.28	4,900
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NOV	\$	139.28	2,000
DEC	\$	139.28	1,700
<b>TOTAL:</b>	<b>\$</b>	<b>1,882.04</b>	<b>181,100</b>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 - Notes payable (continued)

Future maturities of these notes are as follows:

2005	\$84,558
2006	88,750
2007	94,151
2008	98,820
2009	103,722
Thereafter	1,270,176
Total	<u>\$1,740,177</u>
Outstanding balances	\$1,740,177
Less current maturities	84,588
Total long term notes	<u>\$1,655,589</u>

All properties and assets both real and personal, and revenues are pledged to secure these loans.

NOTE 6 - Revenue from sale of water

The following is a statistical analysis of water purchased, sold, and unbilled due to flushing, leaks and line loss.

	<u>Water Purchased</u>		<u>Water Sold</u>		<u>Flushing, Leaks and</u>	
	Gallons Cost/1000		Gallons Sale/1000		Line Loss	
2004	436,833,800	\$1.471	368,987,800	\$4.040	67,846,000	15.53%
2003	421,033,594	\$1.435	344,888,100	\$4.040	76,145,494	18.09%
2002	427,884,220	\$1.440	360,778,508	\$3.994	67,105,712	15.68%
2001	390,049,500	\$1.392	338,865,742	\$4.088	51,183,758	13.12%
2000	393,268,360	\$1.367	331,317,729	\$4.020	61,950,631	15.75%

NOTE 7 - Related party transactions

The Company furnished managerial, meter reading, maintenance, meter installation, accounts receivable processing, and general office services for U S 60 Water District of Shelby and Franklin Counties. The Company received \$172,492 and \$174,163 respectively for December 31, 2004 and 2003. There were receivables due from U S 60 Water District in the amount of \$7,496 and \$11,525 respectively for December 31, 2004 and 2003.

## NOTICE

North Shelby Water Company has filed an application with the Public Service Commission for a proposed rate change for water service. The change is made necessary due to an increase in the wholesale price of water from our supplier.

The rates contained in this notice are the rates proposed by North Shelby Water Company. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

### 5/8 x 3/4 Inch Meter

First 2,000 gallons per month (minimum bill)	\$11.54
Next 3,000 gallons per month per 1,000 gallons	4.65
Next 5,000 gallons per month per 1,000 gallons	3.53
Next 40,000 gallons per month per 1,000 gallons	2.97
Over 50,000 gallons per month per 1,000 gallons	2.41

### 1 Inch Meter

First 5,000 gallons per month (minimum bill)	\$25.49
Next 5,000 gallons per month per 1,000 gallons	3.53
Next 40,000 gallons per month per 1,000 gallons	2.97
Over 50,000 gallons per month per 1,000 gallons	2.41

### 1-1/2 Inch Meter

First 10,000 gallons per month (minimum bill)	\$43.14
Next 40,000 gallons per month per 1,000 gallons	2.97
Over 50,000 Gallons per month per 1,000 gallons	2.41

### 2 Inch Meter

First 15,000 gallons per month (minimum bill)	\$57.99
Next 35,000 gallons per month per 1,000 gallons	2.97
Over 50,000 gallons per month per 1,000 gallons	2.41

### 3 Inch Meter

First 35,000 gallons per month (minimum bill)	\$117.39
Next 15,000 gallons per month per 1,000 gallons	2.97
Over 50,000 gallons per month per 1,000 gallons	2.41

Any corporation, association, body politic or person may by motion within thirty (30) days after publication or mailing of notice of the proposed rate changes request leave to intervene. All persons having reasons to intervene should file with the P.S.C., P.O. Box 615, Frankfort, Kentucky 40601. The application is on file at the offices for the North Shelby Water Company, 5913 Elmburg Road, Bagdad, KY and is available for examination during business hours.

## EXHIBIT E

For Entire Service Area  
Community, Town or City

North Shelby Water Company  
P.O. Box 97  
Bagdad, KY 40003

P.S.C. KY No. \_\_\_\_\_  
(Sheet No )

Canceling P.S.C. KY No. 2004-00169  
(Sheet No )

CLASSIFICATION OF SERVICE	RATE PER UNIT
<b>Rates: <u>5/8 x 3/4 Inch Meter</u></b>	
First 2,000 gallons per month (minimum bill)	\$11.54
Next 3,000 gallons per month per 1,000 gallons	4.65
Next 5,000 gallons per month per 1,000 gallons	3.53
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First 10,000 gallons per month (minimum bill)	\$43.14
Next 40,000 gallons per month per 1,000 gallons	2.97
Over 50,000 Gallons per month per 1,000 gallons	2.41
 <b><u>2 Inch Meter</u></b>	
First 15,000 gallons per month (minimum bill)	\$57.99
Next 35,000 gallons per month per 1,000 gallons	2.97
Over 50,000 gallons per month per 1,000 gallons	2.41
 <b><u>3 Inch Meter</u></b>	
First 35,000 gallons per month (minimum bill)	\$117.39
Next 15,000 gallons per month per 1,000 gallons	2.97
Over 50,000 gallons per month per 1,000 gallons	2.41

Date of Issue March 18, 2005 Date Effective May 1, 2005

Issued by \_\_\_\_\_ Title: President

Issued by the authority of an Order of the Public Service Commission of  
Kentucky in Case No. \_\_\_\_\_ Dated \_\_\_\_\_

**EXHIBIT G**